



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** June 30, 2009  
**TO:** Mayor and Councilmembers  
**FROM:** Treasury Division, Finance Department  
**SUBJECT:** May 2009 Investment Report

### RECOMMENDATION:

That Council accept the May 2009 Investment Report.

### DISCUSSION:

The attached investment report includes Investment Activity, Interest Revenue, a Summary of Cash and Investments, and Investment Portfolio detail as of May 31, 2009.

**ATTACHMENT:** May 2009 Investment Report  
**SUBMITTED BY:** Robert D. Peirson, Finance Director  
**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Activity and Interest Report**  
**May 31, 2009**

**INVESTMENT ACTIVITY**

**PURCHASES OR DEPOSITS**

05/04	Federal National Mortgage Assn. (FNMA)	\$ 2,000,000
05/08	Federal Farm Credit Bank (FFCB)	2,000,000
05/13	Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000
05/19	Federal Home Loan Mortgage Corp. (FHLMC)	2,000,000
05/20	Federal National Mortgage Assn. (FNMA)	2,000,000
05/29	LAIF Deposit/City	6,000,000
	<b>Total</b>	<b>\$ 16,000,000</b>

**SALES, MATURITIES, CALLS OR WITHDRAWALS**

05/08	LAIF Withdrawal/City	\$ (3,500,000)
05/13	LAIF Withdrawal/City	(1,500,000)
05/15	United States Treasury Note (USTN) Maturity	(2,000,000)
05/15	Federal Home Loan Bank (FHLB) Maturity	(1,450,000)
05/21	LAIF Withdrawal/City	(2,000,000)
05/22	Federal Home Loan Bank (FHLB) Call	(2,000,000)
	<b>Total</b>	<b>\$ (12,450,000)</b>

**ACTIVITY TOTAL**

**\$ 3,550,000**

**INTEREST REVENUE**

**POOLED INVESTMENTS**

Interest Earned on Investments	\$ 420,359
Amortization	13,103
SBB&T Sweep Account Interest	153
SBB&T Trust Account M/M Interest	27
<b>Total</b>	<b>\$ 433,641</b>

**RDA INVESTMENTS**

Interest Earned on Investments (LAIF)	<b>\$ 33,916</b>
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**TOTAL INTEREST EARNED**

**\$ 467,557**

**CITY OF SANTA BARBARA**  
**Summary of Cash and Investments**  
**May 31, 2009**

**ENDING BALANCE AS OF APRIL 30, 2009**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 66,100,000	1.610%	38.07%	1
Certificates of Deposit	2,000,000	2.500%	1.15%	201
Treasury Securities - Coupon	1,999,912	5.000%	1.15%	14
Federal Agency Issues - Coupon	80,466,186	3.990%	46.35%	757
Corporate/Medium Term Notes	15,246,109	4.910%	8.78%	337
SB Airport Promissory Note	7,800,000	6.500%	4.49%	60
Totals and Averages	\$ 173,612,207	3.272%	100.00%	386
SBB&T Money Market Account	2,665,838			
<b>Total Cash and Investments</b>	<b>\$ 176,278,044</b>			

**NET CASH AND INVESTMENT ACTIVITY FOR MAY 2009**      **\$ 2,902,268**

**ENDING BALANCE AS OF MAY 31, 2009**

Description	Book Value	Yield to Maturity (365 days)	Percent of Portfolio	Average Days to Maturity
State of California LAIF	\$ 65,100,000	1.530%	36.74%	1 (1)
Certificates of Deposit	2,000,000	2.500%	1.13%	170
Federal Agency Issues - Coupon	87,022,501	3.764%	49.12%	787
Corporate/Medium Term Notes	15,250,809	4.910%	8.61%	305
SB Airport Promissory Note	7,800,000	6.500%	4.40%	29
Totals and Averages	\$ 177,173,310	3.148%	100.00%	416
SBB&T Money Market Account	2,007,002			
<b>Total Cash and Investments</b>	<b>\$ 179,180,312</b>			

Note:

(1) The average life of the LAIF portfolio as of May 31, 2009 is 228 days.

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**May 31, 2009**

	PURCHASE	MATURITY	QUALITY RATING		STATED	YIELD AT	FACE	BOOK	MARKET	BOOK	
DESCRIPTION	DATE	DATE	MOODY'S	S & P	RATE	365	VALUE	VALUE	VALUE	GAIN/(LOSS)	COMMENTS
LOCAL AGENCY INVESTMENT FUNDS											
LOCAL AGENCY INVESTMENT FUND	-	-	-	-	1.530	1.530	39,000,000.00	39,000,000.00	39,000,000.00	0.00	
LOCAL AGENCY INV FUND/RDA	-	-	-	-	1.530	1.530	26,100,000.00	26,100,000.00	26,100,000.00	0.00	
Subtotal, LAIF							65,100,000.00	65,100,000.00	65,100,000.00	0.00	
CERTIFICATES OF DEPOSIT											
MONTECITO BANK & TRUST	11/18/08	11/18/09	-	-	2.500	2.500	2,000,000.00	2,000,000.00	2,000,000.00	0.00	
Subtotal, Certificates of deposit							2,000,000.00	2,000,000.00	2,000,000.00	0.00	
FEDERAL AGENCY ISSUES - COUPON											
FEDERAL FARM CREDIT BANK	03/06/09	04/24/12	Aaa	AAA	2.250	2.120	2,000,000.00	2,007,267.71	2,030,630.00	23,362.29	
FEDERAL FARM CREDIT BANK	08/17/06	08/17/09	Aaa	AAA	5.125	5.150	2,000,000.00	1,999,902.89	2,020,620.00	20,717.11	
FEDERAL FARM CREDIT BANK	11/07/06	01/18/11	Aaa	AAA	5.750	5.000	2,000,000.00	2,021,747.36	2,156,560.00	134,812.64	
FEDERAL FARM CREDIT BANK	01/29/07	08/25/10	Aaa	AAA	4.750	5.111	2,000,000.00	1,991,927.90	2,098,130.00	106,202.10	
FEDERAL FARM CREDIT BANK	02/01/08	02/01/13	Aaa	AAA	3.790	3.790	2,000,000.00	2,000,000.00	2,039,690.00	39,690.00	Callable 2/01/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	03/02/12	Aaa	AAA	2.370	2.370	2,000,000.00	2,000,000.00	2,017,190.00	17,190.00	Callable 3/02/10, then cont.
FEDERAL FARM CREDIT BANK	03/04/09	01/17/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,023,130.00	23,130.00	
FEDERAL FARM CREDIT BANK	03/05/09	03/04/13	Aaa	AAA	2.600	2.600	2,000,000.00	2,000,000.00	2,022,190.00	22,190.00	
FEDERAL FARM CREDIT BANK	05/08/09	04/08/13	Aaa	AAA	2.200	2.200	2,000,000.00	2,000,000.00	1,988,440.00	(11,560.00)	
FEDERAL HOME LOAN BANK	10/25/06	02/12/10	Aaa	AAA	3.875	5.117	1,000,000.00	992,112.64	1,022,970.00	30,857.36	
FEDERAL HOME LOAN BANK	12/18/06	11/03/09	Aaa	AAA	3.500	4.834	2,000,000.00	1,989,587.63	2,026,260.00	36,672.37	
FEDERAL HOME LOAN BANK	05/22/07	06/10/11	Aaa	AAA	5.250	5.005	2,000,000.00	2,008,850.00	2,156,250.00	147,400.00	
FEDERAL HOME LOAN BANK	07/09/07	02/15/11	Aaa	AAA	4.000	5.308	2,000,000.00	1,959,824.69	2,102,190.00	142,365.31	
FEDERAL HOME LOAN BANK	07/09/07	03/12/10	Aaa	AAA	5.000	5.268	1,000,000.00	998,036.21	1,034,220.00	36,183.79	
FEDERAL HOME LOAN BANK	02/26/09	02/24/14	Aaa	AAA	3.250	3.261	2,000,000.00	1,999,265.36	2,007,190.00	7,924.64	Callable 2/24/10, then qtrly
FEDERAL HOME LOAN BANK	03/04/09	06/08/12	Aaa	AAA	4.375	2.110	1,700,000.00	1,811,739.71	1,812,361.50	621.79	
FEDERAL HOME LOAN BANK	09/14/06	09/29/10	Aaa	AAA	5.125	5.070	1,000,000.00	1,000,617.62	1,055,625.00	55,007.38	
FEDERAL HOME LOAN BANK	05/21/07	06/12/09	Aaa	AAA	5.250	5.000	2,000,000.00	2,000,142.21	2,003,120.00	2,977.79	
FEDERAL HOME LOAN BANK	04/21/08	10/21/11	Aaa	AAA	3.125	3.125	2,000,000.00	2,000,000.00	2,006,880.00	6,880.00	Callable 7/21/09, once
FEDERAL HOME LOAN BANK	05/23/08	06/10/11	Aaa	AAA	3.125	3.520	2,000,000.00	1,984,888.37	2,067,820.00	82,931.63	
FEDERAL HOME LOAN BANK	09/25/08	08/18/09	Aaa	AAA	3.750	3.231	2,000,000.00	2,002,159.81	2,015,000.00	12,840.19	
FEDERAL HOME LOAN BANK	10/18/06	09/11/09	Aaa	AAA	5.250	5.060	1,000,000.00	1,000,470.76	1,013,440.00	12,969.24	
FEDERAL HOME LOAN BANK	11/07/06	10/26/09	Aaa	AAA	5.000	5.000	2,345,000.00	2,344,993.64	2,389,695.70	44,702.06	
FEDERAL HOME LOAN BANK	11/08/06	07/30/10	Aaa	AAA	5.000	5.010	2,000,000.00	1,999,737.73	2,099,380.00	99,642.27	
FEDERAL HOME LOAN BANK	12/18/06	06/22/10	Aaa	AAA	4.500	4.825	2,000,000.00	1,993,736.41	2,080,940.00	87,203.59	
FEDERAL HOME LOAN BANK	06/18/07	03/12/10	Aaa	AAA	4.875	5.382	2,000,000.00	1,992,689.43	2,066,570.00	73,880.57	
FEDERAL HOME LOAN BANK	06/16/08	12/10/10	Aaa	AAA	3.250	3.800	2,000,000.00	1,984,082.68	2,070,320.00	86,237.32	
FEDERAL HOME LOAN BANK	09/25/08	09/25/09	Aaa	AAA	3.250	3.250	2,000,000.00	2,000,000.00	2,018,760.00	18,760.00	
FEDERAL HOME LOAN BANK	10/15/08	07/15/11	Aaa	AAA	4.000	4.002	2,000,000.00	2,000,000.00	2,006,570.00	6,570.00	Callable 7/15/09, once

**CITY OF SANTA BARBARA**  
**Investment Portfolio**  
**May 31, 2009**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	QUALITY RATING MOODY'S	S & P	STATED RATE	YIELD AT 365	FACE VALUE	BOOK VALUE	MARKET VALUE	BOOK GAIN/(LOSS)	COMMENTS
FEDERAL HOME LOAN MTG CORP	04/08/09	04/08/13	Aaa	AAA	2.500	2.526	2,000,000.00	1,998,147.22	1,995,300.00	(2,847.22)	Callable 4/08/11, once
FEDERAL HOME LOAN MTG CORP	05/19/09	11/19/12	Aaa	AAA	2.170	2.170	2,000,000.00	2,000,000.00	1,998,120.00	(1,880.00)	Callable 5/19/11, once
FEDERAL HOME LOAN MTG CORP	03/24/09	03/24/14	Aaa	AAA	3.500	3.500	2,000,000.00	2,000,000.00	2,003,200.00	3,200.00	Callable 6/24/09, then qtrly
FEDERAL HOME LOAN MTG CORP	05/13/09	05/13/13	Aaa	AAA	2.400	2.400	2,000,000.00	2,000,000.00	1,997,680.00	(2,320.00)	Callable once, 5/13/11
FEDERAL HOME LOAN MTG CORP	09/14/06	09/01/09	Aaa	AAA	4.125	5.070	1,000,000.00	997,829.71	1,009,060.00	11,230.29	
FEDERAL HOME LOAN MTG CORP	05/29/07	07/06/10	Aaa	AAA	4.500	5.070	2,000,000.00	1,988,521.31	2,080,360.00	91,838.69	
FEDERAL HOME LOAN MTG CORP	10/15/07	10/15/12	Aaa	AAA	5.050	5.050	2,000,000.00	2,000,000.00	2,032,960.00	32,960.00	Callable 10/15/09, once
FEDERAL HOME LOAN MTG CORP	01/29/07	01/25/10	Aaa	AAA	4.375	5.122	2,000,000.00	1,991,101.04	2,047,840.00	56,738.96	
FEDERAL HOME LOAN MTG CORP	05/22/07	09/17/10	Aaa	AAA	3.880	5.015	2,000,000.00	1,973,194.28	2,077,640.00	104,445.72	
FEDERAL HOME LOAN MTG CORP	04/29/09	10/29/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,009,640.00	9,640.00	Callable 10/29/10, once
FEDERAL NATL MORTGAGE ASSN	03/18/09	09/18/12	Aaa	AAA	2.500	2.500	2,000,000.00	2,000,000.00	2,016,250.00	16,250.00	Callable 3/18/11, once
FEDERAL NATL MORTGAGE ASSN	03/23/09	03/23/12	Aaa	AAA	2.000	2.000	2,000,000.00	2,000,000.00	2,013,750.00	13,750.00	StrNt, Callable 9/23/10, once
FEDERAL NATL MORTGAGE ASSN	05/04/09	05/04/12	Aaa	AAA	2.150	2.185	2,000,000.00	1,998,150.00	1,999,690.00	1,540.00	Callable 5/04/10, once
FEDERAL NATL MORTGAGE ASSN	04/27/06	04/20/10	Aaa	AAA	4.750	5.270	2,000,000.00	1,991,776.79	2,070,310.00	78,533.21	
FEDERAL NATL MORTGAGE ASSN	02/27/09	02/24/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	2,024,380.00	24,380.00	Callable 2/24/11, once
FEDERAL NATL MORTGAGE ASSN	05/20/09	11/20/12	Aaa	AAA	2.250	2.250	2,000,000.00	2,000,000.00	1,996,560.00	(3,440.00)	Callable 5/20/10, once
FEDERAL NATL MORTGAGE ASSN	03/05/08	03/05/13	Aaa	AAA	4.100	4.100	2,000,000.00	2,000,000.00	2,052,810.00	52,810.00	Callable 3/05/10, once
<b>Subtotal, Federal Agencies</b>							87,045,000.00	87,022,501.11	88,877,692.20	1,855,191.09	
<b>CORPORATE/MEDIUM TERM NOTES</b>											
BERKSHIRE HATHAWAY FIN	01/15/08	01/15/10	Aa2	AAA	4.125	3.630	2,250,000.00	2,256,622.00	2,294,617.50	37,995.50	
GENERAL ELECTRIC CAPITAL CORP	01/10/07	02/22/11	Aa2	AA+	6.125	5.100	2,000,000.00	2,031,477.41	2,093,180.00	61,702.59	
GENERAL ELECTRIC CAPITAL CORP	08/15/06	09/15/09	Aa2	AA+	4.625	5.300	2,000,000.00	1,996,437.77	2,018,100.00	21,662.23	
GENERAL ELECTRIC CAPITAL CORP	02/10/06	06/15/09	Aa2	AA+	4.000	5.000	1,000,000.00	999,645.35	1,000,460.00	814.65	
GENERAL ELECTRIC CAPITAL CORP	04/17/07	06/15/09	Aa2	AA+	3.250	5.060	2,000,000.00	1,998,680.62	2,000,020.00	1,339.38	
TOYOTA MOTOR CREDIT	10/19/06	03/15/10	Aa1	AA+	4.250	5.140	2,000,000.00	1,987,245.48	2,040,080.00	52,834.52	
WELLS FARGO & CO.	05/30/07	01/12/11	A1	AA	4.875	5.260	2,000,000.00	1,988,763.76	2,064,940.00	76,176.24	
WELLS FARGO & CO.	10/10/06	08/09/10	A1	AA	4.625	5.000	2,000,000.00	1,991,936.21	2,026,820.00	34,883.79	
<b>Subtotal, Corporate Securities</b>							15,250,000.00	15,250,808.60	15,538,217.50	287,408.90	
<b>SB AIRPORT PROMISSORY NOTE</b>											
SANTA BARBARA AIRPORT	07/01/08	06/30/09	-	-	6.500	6.500	7,800,000.00	7,800,000.00	7,800,000.00	0.00	
<b>Subtotal, SBA Note</b>							7,800,000.00	7,800,000.00	7,800,000.00	0.00	
<b>TOTALS</b>							177,195,000.00	177,173,309.71	179,315,909.70	2,142,599.99	

Market values have been obtained from the City's safekeeping agent, Santa Barbara Bank and Trust (SBB&T). SBB&T uses Interactive Data Pricing Service, Bloomberg and DTC.